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CHAIN STORE AGE
MERCHANDISER
Skin care market comes of age—p.43

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DRUG STORE NEWS

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J & J 'committed' to rebuilding Tylenol

LAS VEGAS—Johnson & Johnson is "totally committed" to restoring Tylenol to a leading position among over-the-counter drug products, according to Wayne Nelson, J&J group chairman.

"It will be the biggest brand rebuilding in the history of American business," Nelson told a press conference during the National Wholesale Druggists' association meeting here.

Nelson said the company would soon disclose plans for new packaging with "multiple barriers" designed to prevent a repetition of the Chicago tragedy in which seven people died after taking Extra Strength Tylenol capsules contaminated with cyanide.

He said that all 31 million bottles recalled by J&J subsidiary McNeil Consumer Products Co. will be destroyed and salesmen will be back on the street taking orders for newly manufactured Tylenol capsules "in three weeks."

Nelson conceded that McNeil faces a few hurdles before consumer confidence is restored. A national survey revealed that 30% of all consumers were unfamiliar with who was to blame in the deaths, Nelson said. In addition, 10% of those interviewed thought that someone at McNeil's manufacturing plants was implicated.

"That means that about 40% of all consumers don't know what happened," Nelson said.

J&J is hoping that consumer ignorance will be dispelled as the company publicizes the contents of a letter sent to the firm by Joseph P. Hile, assistant commissioner of regulatory affairs at the Health and Human Services Administration, which gave McNeil's production facilities a clean bill of health:

"We conclude," Hile wrote, "that the contamination did not occur at either plant. Rather, it was the result of tampering after the company shipped the product to distribution points, and most likely, after they reached the retailers' shelves."

When Nelson was asked if retailers would be reimbursed for handling charges in the Tylenol recall, he replied that such payments "would not be appropriate."

He also stressed that of all the bottles of Extra Strength Tylenol capsules only five were found that contained contaminated capsules and one was not found. He added that the total

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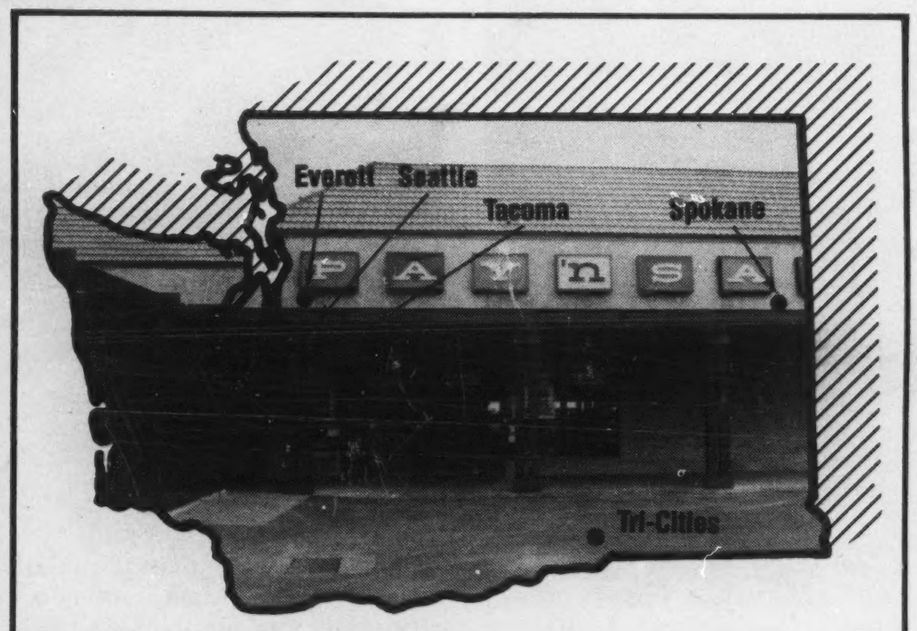

Pay 'n Save's new public education ad campaign will run throughout Washington state and in Coeur d'Alene and Moscow, Idaho. The chain hopes pharmaceutical manufacturers will join the 60 plus participating Pay 'n Save drug stores.

Pay 'n Save starts educational ad drive

NEW YORK—Pay 'n Save is trying to attract pharmaceutical manufacturers into joining a program of direct public service television and print advertising aimed at the chain's patient-customers.

The Pay 'n Save program consists of five television commercials and a print campaign focusing on the positive aspects of medicines and the importance of using them correctly.

"Some people prefer to medicate themselves or do without their prescription medication," said Ralph Heilman, director of professional services at the Seattle-based drug chain.

"We've undertaken this program to educate the public about

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Eckerd to test home health waters with Florida store

ST. PETERSBURG, Fla.—Eckerd Drug will join the growing list of drug chains that have plunged into the home health care market in hopes of tapping a portion of the estimated $2 billion to $2.5 billion the market generates each year.

The giant Clearwater, Fla.-based chain will open its first freestanding home health care center in a shopping center here in the heart of this Sunbelt retirement community.

The new outlet, approximately 8,000 to 9,000 sq. ft. in size, will be called Eckerd Med-Care. It will sell and rent a full line of products and equipment designed to satisfy the home health care and physical fitness markets, according to a spokesman.

Other chains that are testing the concept of supplying the home health care market or have undertaken a full-scale commitment include Hook, Peoples, Revco, Rite Aid, Begley, Shoppers Drug Mart, Harco, Happy Harry's, Walgreens and White Drug.

The chains that have entered the convalescent aid market see it as a natural extension of their health care provider role. They are also attracted by gross margins that average up to 40% in specialty outlets.

The Eckerd spokesman said the new center will be the first of three that Eckerd plans to open in the next year. The sites for the next two outlets have not yet been chosen, he said.

Among the items that Eckerd Med-Care will supply are wheelchairs, canes, walkers and other ambulatory aids; special beds and bedroom comfort items; incontinence supplies and items to prevent or provide relief for bedsores; bathroom

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Optimism dominates fall shows

NEW YORK—Take some caution and mix in a liberal dash of optimism, and you have the mood that prevailed at the Affiliated and Associated fall buying shows.

"Vendors were saying that buyers were much more optimistic and enthusiastic than they were a year ago," said Phil Weinstein, president of Affiliated Drug Stores.

Genovese chairman and president Leonard Genovese, who is also chairman of Associated Chain Drug Stores, noted that there were "more smiles and

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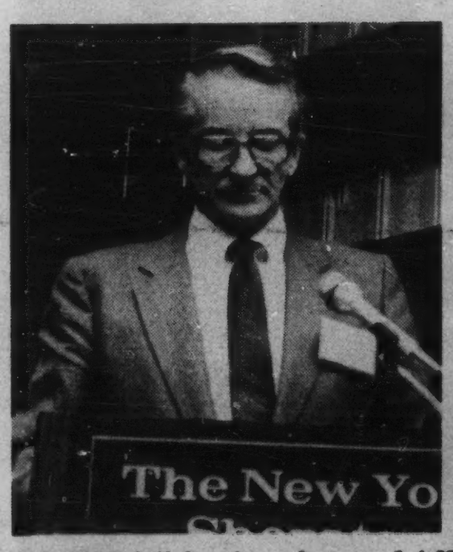
LATE NEWS

CONSUMER VALUE STORES (CVS) is close to reaching an agreement with owners of Lincoln Pharmacies for the acquisition of the nine-store chain based in Worcester, Mass. David Jonson, senior vp at CVS, would neither confirm or deny that negotiations were under way, but other sources close to the situation said an agreement appeared imminent. Lincoln Pharmacies, owned by Ed Aronovitz, operates stores in Acton, Auburn, Milford, West Boyleston and Worcester, Mass. CVS, a subsidiary of the Melville Corp., operates 433 health and beauty aid stores and pharmacies in 14 states.

Chain execs, vendors mingle at N.Y. buying shows



The 1982 fall buying shows of Affiliated and Associated members were once again an opportunity for both vendors and chain drug executives to meet and share new ideas. Among those attending are (left to right): Jack Gavin, national accounts manager for Procter & Gamble (see related story on Gavin's presentation), Dan Herrmann, president of Fay's Drug and newly named board chairman of the Affiliated group, Associated members Larry LaRock and Larry Snook of Rea and Derick mixing with Rich Christmas from Almay and Alvin Towle, president of Gray Drug Fair who was just named to the board of directors of Affiliated. See other pictures on page 2.

News in brief

Longs to raise its ceiling—chainwide

WALNUT CREEK, Calif.—After testing its new higher-cube backroom prototype in six stores, Longs is going chainwide on all new stores.

The purpose: to increase the sales area without increasing the store's square footage. Longs does not operate a central warehouse.

In the prototype stores, Longs has raised backroon ceilings from 14 ft. to 18 ft. Thus, instead of 33% to 40% of the store's overall space being devoted to the backroom, only 30% is now utilized.

This means that a typical 25,500-sq.-ft. (overall) store now has the selling space of a 27,500-sq.-ft. unit while maintaining the same size floor and ceiling. The added expense comes from raising the walls approximately 4 ft.

Longs has found the new backroom prototype to be cost-justified—especially since Longs has the highest sales per square foot of selling space in the country ($408).

King Soopers tests Rx computer

DENVER—King Soopers has installed an IBM Series 1 stand-alone pharmacy terminal in its Arvada, Colo., store for a six-month test.

According to Gordon Hebenstreit, director of pharmacies, the system is a "standard IBM package with capability of communicating with a host computer."

The Arvada store was selected for the test because of its proximity to King Sooper's headquarters—about 10 miles away.

After the test period, management will decide on whether to go chainwide.

King Soopers, No. 1 in the Colorado market in both drug and supermarket, operates 53 pharmacies in its 40,000-45,000-sq.-ft. combos.

Fisher Foods to open 2nd Jax unit

NORTH RANDALL, Ohio—The Fisher Foods company will open its second low-margin "Jax" drug store this month in this east Cleveland suburb.

The 24,000-sq.-ft. freestanding store is the second such unit opened this year by the Bedford Heights, Ohio, operator of 55 Fazio supermarkets. The first unit, opened in August in Rocky River, Ohio.

Fisher Foods is one of several major chains that have opened low-margin stores, with pharmacies, during the past year in an effort to combat the effects of a sluggish economy.

Crown tests Rx stand-alone computer

ADVANCE, N.C.—Crown Drugs is testing its first pharmacy computer, a stand-alone IBM Series 1. Ray Gentry, Crown president, said he has not decided whether to install the stand-alone system in all 14 Crown stores or put a mainframe computer in the company headquarters that will be linked to terminals in the stores. He said he expects to decide within two months. A problem with the mainframe system is that 10 local telephone companies operate in the area of his stores, and connecting the store terminals over dedicated lines could be complicated, Gentry said.

O'Brien gets top job at Rexall

ST. LOUIS—John E. O'Brien, former president of No-Nonsense Fashions Inc., has been appointed chairman of the board of directors, president and ceo of the Rexall Corp., it was announced by Howard K. Vander Linden, vice chairman of the board of directors.

Vander Linden said O'Brien, who was president of No-Nonsense, a division of Gulf+Western since 1977, "is an executive with a proven track record of great success in our industry. He brings to Rexall an exceptional background in the health and beauty product industry and a very strong grasp of consumer-driven marketing."

Winner of Nostalgia Quiz #11 chosen

Lawrence Dilks of Eckerd Drug is the $100 winner in *Drug Store News'* Nostalgia Quiz #11. The correct answer was Jewel Tea and Osco Drug. Nostalgia Quiz #13 can be found on page 18 of this issue.

In search of the hot item

Decisions reflect everything from facts to gut feelings

NEW YORK—Coming up with the hot new products that fly off the shelves is a serious business at drug chains, one in which everyone from top execs to buyers invests a great deal of time and effort.

Regular brainstorming sessions involving buyers, merchandise managers and top executives lead to the final decisions that are so crucial in giving one chain a competitive edge over another.

Perhaps no chain invests more effort in selecting key products than Walgreens.

"New products are the lifeblood of the business and very important for Walgreens," observes Fred Canning, president and coo of the Deerfield, Ill.-based chain.

At Walgreens, the search for new and exciting items involves a team effort that includes Canning. Product categories are reviewed once or twice a year. New item meetings are conducted three times a month with Canning and Vern Brunner, senior vp of marketing, sitting in.

Factors that lead to the selection of hot new items include the success of products already carried, the reputation of the manufacturer, the manufacturer's advertising budget and, sometimes, the plain old gut feeling of a buyer.

Gut feelings

Gut feelings led many chains, including Genovese, to buy E.T.-related products sight unseen. The movie's success prompted Rite Aid to buy E.T. action figures, board games and bubble gum cards, all of which are selling well.

At Shoppers Drug Mart, Alan Goldman, director of purchasing, said the chain is always looking to improve its mix.

"We have monthly marketing committee meetings to introduce new areas," Goldman said. "We're looking at areas such as hardware to expand our mix. We have target marketing and look to see if we are satisfying what our customers really want. And we're developing programs."

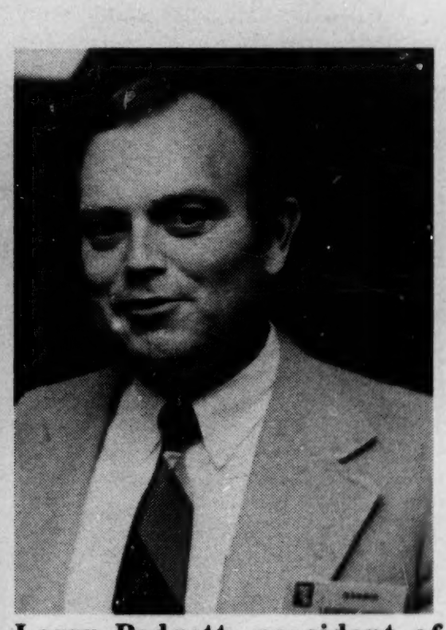
Goldman said the chain is currently looking into automotive, fashion sunglasses and convenience snack food. One new product that has caught the attention of Shoppers Drug Mart is the new $100 computer from Timex.

At Perry Drug Stores, buyers meet weekly with Allan

Continued on page 60

Drug chain execs mix pleasure with buying at New York shows

Rich Landers (left) of Gray Drug Fair was in New York for Affiliated's meeting. Here Landers poses with Revlon's George Williams.



Larry Padgett, president of Carls, was the master of ceremonies during Associated's business session.

K&B's Jeanette Solomon mixed with executives from other chains as well as her brother, Arnold Arbitter, who also attended the cocktail party held in honor of Associated members.

Nature's Bounty's Stanley Krasnoff poses for a picture with Saul Schneider from K&B.

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Vol. 4, No. 23 November 1, 1982

Ray Shapero from Cunningham visited the many exhibits at the Sheraton during Associated's part of the buying show.

Lou Adams of Russ Berrie discusses the great food provided during the party with Mark Blandford of Carls.

CHAIN STORE AGE
MERCHANDISER

Drug store remedy sales rise 14% in July-Aug.

Food stores outpaced drug stores in three of the four major health and beauty aid categories, according to the Sept. 1 Neilsen report.

Only in men's products were drug stores able to match the 6% sales gain that food stores registered during the July-August tracking period.

The greatest sales gain for each of the three retail segments was in remedies. Drug store remedy sales were up 14% for the period, while unit sales grew 1%. In addition, drug stores had a 46% share of sales, or $189.9 million of the $413.3 million in remedies sold during the two-month period.

In remedies, food stores reported a 15% dollar sales increase during the July-August tracking period, but unit movement dropped 3% compared to a year earlier. Food stores had a 44.8% market share, or $185.2 million in sales. Mass merchant remedies sales increased 10%, but unit movement declined 2%. Mass merchant sales totaled $38.1 million, or a 9.2% market share.

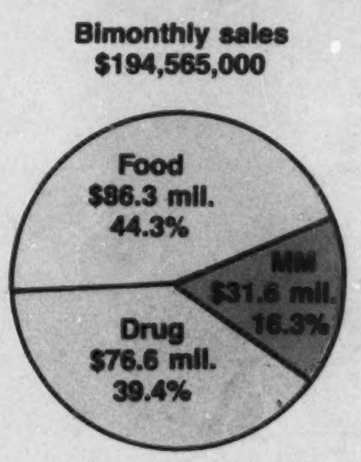
Both dollar sales and unit movement increased for all three retailers in oral hygiene and women's products. In oral hygiene products, drug store sales increased 6% and unit movement 3%. Two-month sales totaled $52 million, or a 25.2% market share. Food stores, which dominated this product group with a 59.7% share, or $123.5 million in sales, had a 9% sales gain. Unit movement was up 3%. Mass merchants had a 10% gain in oral hygiene dollar and unit sales. Mass merchant volume totaled $31.5 million, or a 15.2% share.

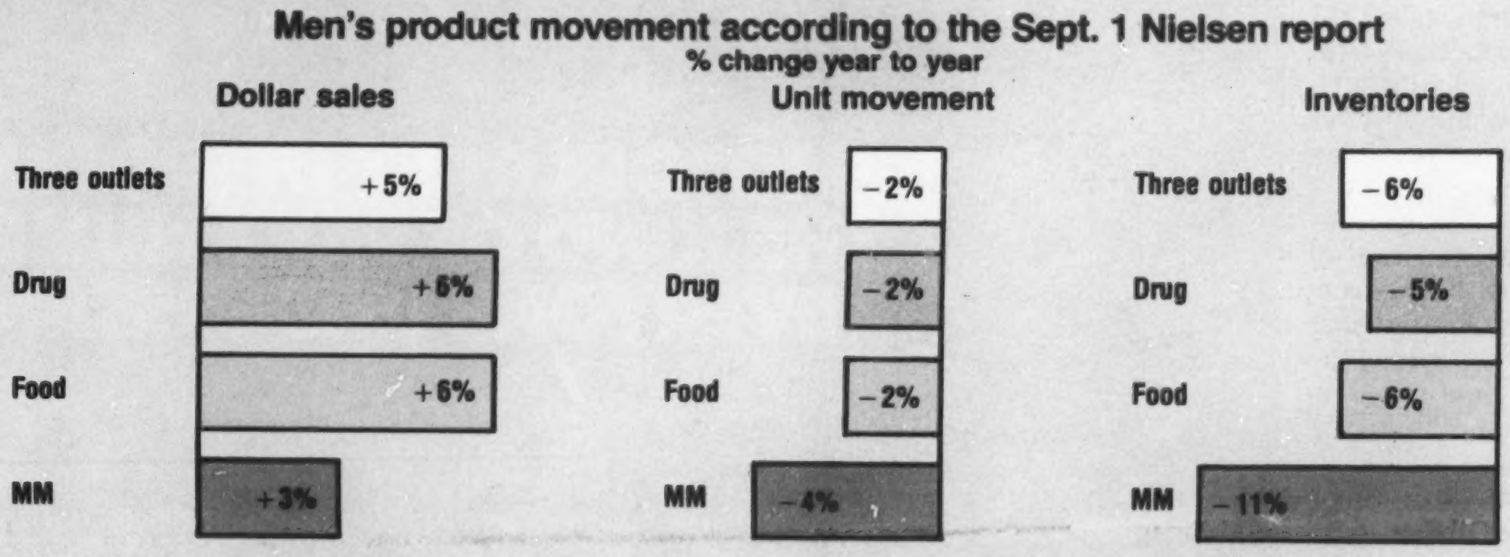
The other product group in which all three retailers had both dollar and unit sales gains was women's products. Drug and food stores had almost an equal share of the $612.8 million market in July and August. Drug stores had $252.9 million in sales, or 41.2% share, while food stores had a 41.8% share, with $255.9 million in sales. Both drug and food outlets reported 2% unit movement gains, but food stores had a 9% increase in dollar sales and drug stores had a 7% increase. Mass merchants had the biggest dollar sales and unit movement per cent gains. Dollar sales increased 15% and unit movement grew 9%. Mass merchant sales totaled $103.9 million, or a 17% share.

In men's products, dollar sales increased an average 5% for all three outlets while inventory and unit movement were off. Drug and food stores each reported 6% dollar sales gains, but 2% declines in unit movement. During the period, men's product inventories dropped 5% in drug stores and 6% in food stores. Mass merchants reported the greatest drop in men's product stock levels, off 11%. Mass merchant dollar sales climbed 3% during the bimonthly period, while unit movement was off 4%.

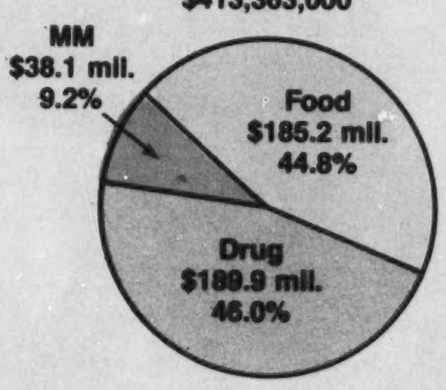
Nielsen Marketing Research

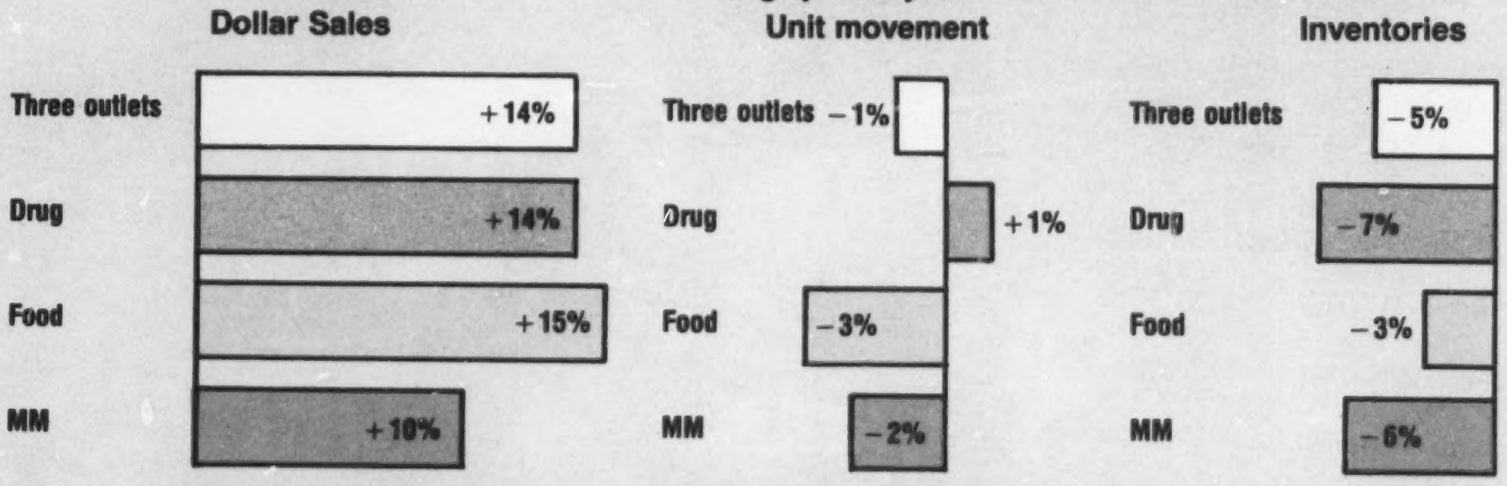
Men's product movement according to the Sept. 1 Nielsen report



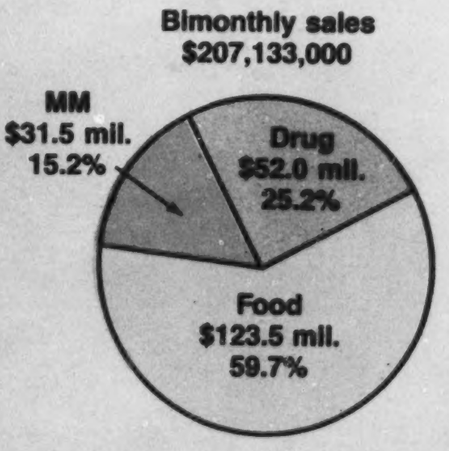


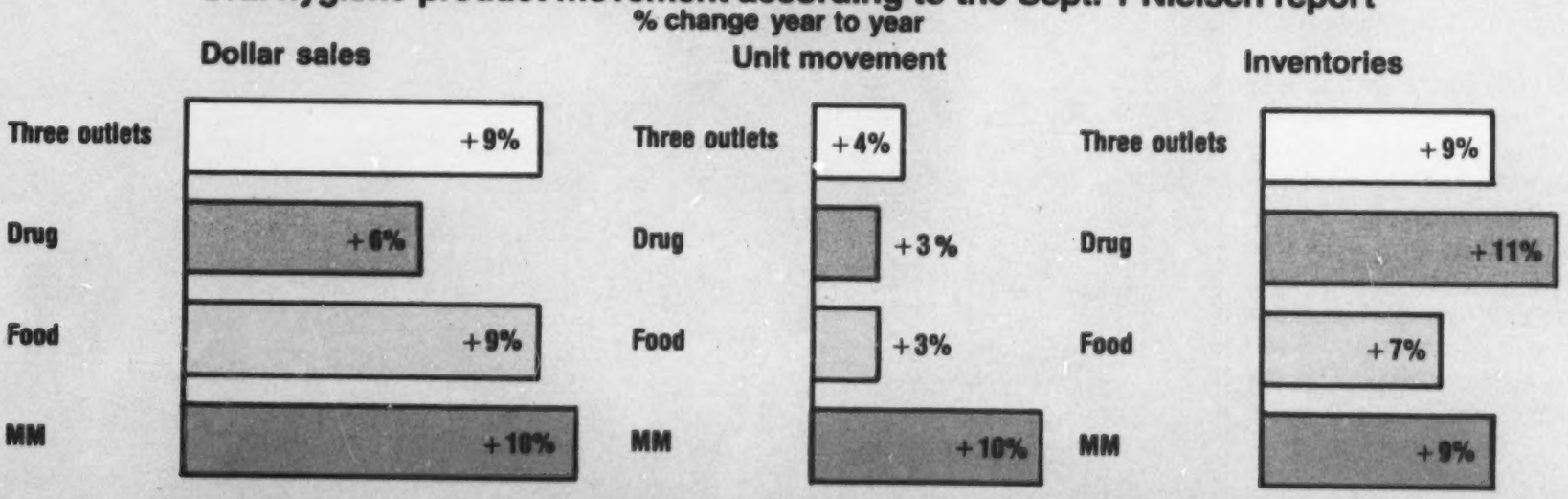
Remedies product movement according to the Sept. 1 Nielsen report



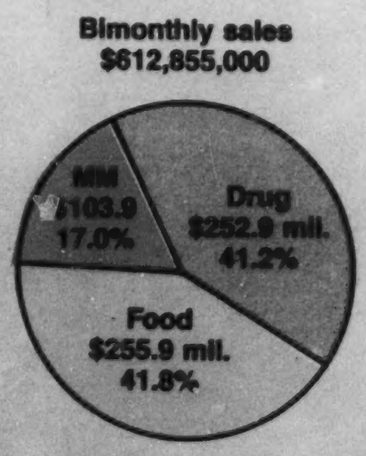


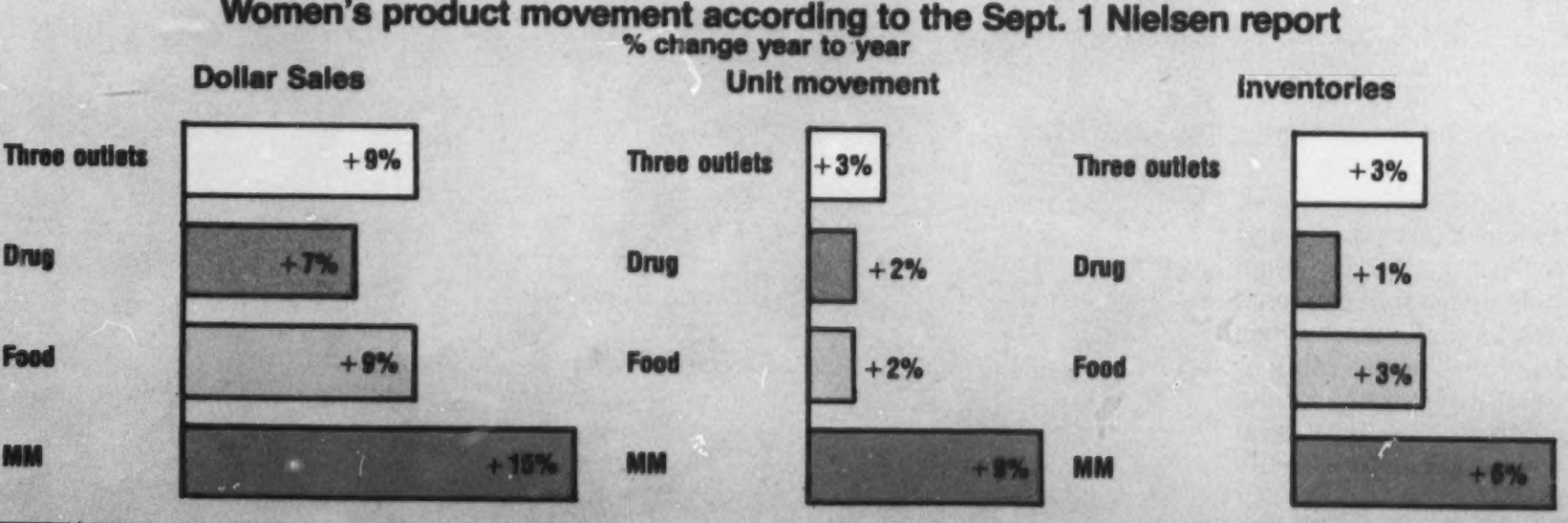
Oral hygiene product movement according to the Sept. 1 Nielsen report





Women's product movement according to the Sept. 1 Nielsen report





Source: A. C. Nielsen Co.